



*Effective Date: June 12, 2018*

## INVESTMENT

### Definitions

- The following definitions apply to this Policy:
  - Commercial Paper** - a security issued by a company which promises to pay the investor a certain amount of money after a certain period of time (includes drafts, bills of exchange, corporate promissory notes, and other negotiable paper);
  - First Nations Finance Authority (FNFA)** - a voluntary not-for-profit organization established under the *First Nations Fiscal Management Act* that provides low-rate loans, investment options, and capital planning advice to First Nations;
  - Investment Manager** - a firm registered as Investment Portfolio Manager with the appropriate Canadian, Provincial, or Territorial securities commission;
  - Other Revenues** - are as defined in the *Financing Secured by Other Revenues Regulations* made under the *First Nations Fiscal Management Act*;
  - Portfolio Rebalancing** - the realignment of the weightings of Cowichan Tribes' investment portfolio by periodically buying or selling securities in the portfolio to maintain the desired level of investment allocation or diversification;
  - Securities** - are stocks, bonds, equities, and other investments held in portfolios;
  - Short Term Paper or Note** - a piece of paper a company issues as a promise to pay back invested money with interest after a set time period (i.e., fixed deposits);
- Please refer to Cowichan Tribes' "Definitions Guide for Policies and Procedures" for the definitions of other terms used in this Policy and the associated procedures.

### Policy Directive:

Cowichan Tribes' investments shall be managed and administered in a manner that preserves capital and generates sufficient income and growth to meet Cowichan Tribes' operational or strategic objectives.

### Related Cowichan Teaching

*"Give thanks for what you have been given"*

### Applicable Legislation and Standards

- Cowichan Tribes' investment related practices must comply with applicable legislation and standards, and Cowichan Tribes' laws, policies and procedures, including:
  - The *First Nations Fiscal Management Act* (the Act);
  - First Nations Financial Management Board (FNFMB) Standards; and
  - Cowichan Tribes First Nation Financial Administration Law (the FAL).



## Investment Policy

*Effective Date: June 12, 2018*

### Reason for Policy

4. The objectives of this Policy include:
  - i) Providing guidance and a framework for management of Cowichan Tribes' investments to achieve short and long term operational and strategic objectives within an acceptable level of risk;
  - ii) Ensuring that funds invested by Cowichan Tribes are preserved, net of inflation, by investing and managing invested funds in a prudent manner; and
  - iii) Ensuring Cowichan Tribes' investment related practices comply with all applicable requirements.

### Consequences of Non-Compliance with Policy

5. Potential consequences of non-compliance with this Policy include:
  - i) Lack of directions and clarity with respect to the investment of Cowichan Tribes' financial assets;
  - ii) Investments being made by Cowichan Tribes with unacceptable associated risks;
  - iii) Inappropriate management, and loss, of funds invested by Cowichan Tribes; and
  - iv) Breach of legislation, standards, or Cowichan Tribes' laws, policies and procedures.

### Policy Application

6. This Policy applies to or affects Cowichan Tribes':
  - i) Chief and Council;
  - ii) Finance and Audit Committee;
  - iii) General Manager and Comptroller; and
  - iv) Any employee, contractor, agent, committee or other person(s) involved with providing Cowichan Tribes with investment related advice, or making or managing investments on behalf of Cowichan Tribes.

### Policy Requirements

#### Authority to Invest

7. Cowichan Tribes must not invest its financial assets unless the investments are specifically authorized by the FAL or another Cowichan Tribes' law, and duly approved by Council as outlined below.
8. If Cowichan Tribes is authorized by the FAL to invest its financial assets, Council may authorize the Comptroller to invest the financial assets:
  - i) As specifically approved by Council; or
  - ii) In accordance with Cowichan Tribes' policies, procedures or directions.





## Investment Policy

*Effective Date: June 12, 2018*

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### Procedures: **Investment**

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#### **Roles and Responsibilities**

20. The responsibilities of Council include:
    - i) Determining Cowichan Tribes' short and long term investment objectives;
    - ii) Determining allowable uses of available funds;
    - iii) Reviewing and, if appropriate, approving risk assessments of proposed investments;
    - iv) Selecting / de-selecting investment manager(s) and custodian(s);
    - v) Approving the creation of an investment account(s);
    - vi) Approving funds to be invested; and
    - vii) Approving the redemption of invested funds.
  21. The responsibilities of the Finance and Audit Committee include:
    - i) Overseeing the effective management of Cowichan Tribes' investments;
    - ii) Assessing related risks and recommending to Council investment proposals, the level of funds to be invested, transfers to/from the investment account, rebalancing of portfolios, and redemption of invested funds;
    - iii) Monitoring the performance of Cowichan Tribes' investments and the related risks, reporting any significant changes or risks to the portfolio to Council, and taking the necessary action(s) to ensure investment objectives are met; and
    - iv) Reporting to Council on the management and performance of Cowichan Tribes' investments as directed by Council.
  22. The responsibilities of the General Manager include:
    - i) Providing Council with recommendations in relation to the funds to be invested; and
    - ii) Monitoring investment related assigned duties and performance.
  23. The responsibilities of the Comptroller include:
    - i) Analysing investment proposals and conducting related risk assessments;
    - ii) Making recommendations to the Finance and Audit Committee regarding investment proposals, the amounts invested, investment monitoring, transfers, rebalancing, and redemption of invested funds;
    - iii) Initiating the rebalancing of the investment portfolios security mix as per Council approval, and maintaining records on securities held and all related transactions;
    - iv) Monitoring performance of Cowichan Tribes' investments and reporting any significant changes to the Finance and Audit Committee;
    - v) Preparing reports on the performance and management of Cowichan Tribes' investments as required; and
    - vi) Recommending transfers, rebalancing, monitoring actions, investment manager changes, and any other recommendations relevant to the successful management of the investments.
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## Investment Policy

*Effective Date: June 12, 2018*

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### Approved Investments

24. Money in financial institution accounts described in the FAL that is not immediately required for expenditures may be invested by Cowichan Tribes in one (1) or more of the following:
  - i) Securities issued or guaranteed by Canada, a Canadian province or by the United States of America;
  - ii) Fixed deposits, notes, certificates and other short-term paper of, or guaranteed by, a financial institution;
  - iii) Securities issued by the FNFA or by a local, municipal, or regional government in Canada;
  - iv) Commercial paper issued by a Canadian company that is rated in the highest category by at least two (2) recognized security-rating institutions;
  - v) Any investments a trustee may make under an enactment of a Canadian province relating to trustees; or
  - vi) Any other investments, or classes thereof, prescribed by a regulation to the *Act*.
25. All or some of the money that is borrowed for a specific purpose by Cowichan Tribes and not required to be used immediately for that purpose may be temporarily invested in accordance with the above section until it is required for that purpose.
26. If Cowichan Tribes establishes an investment account in a financial institution as per the FAL, Cowichan Tribes may invest money from that account in the investment options discussed in section 24 above or in a:
  - i) Company that is incorporated under the laws of Canada or of a Canadian province or territory and in which Cowichan Tribes is a shareholder;
  - ii) Trust in which Cowichan Tribes is a beneficiary; and
  - iii) Limited partnership in which Cowichan Tribes is a partner.
27. Despite the provisions in the above sections, Cowichan Tribes may only invest funds from government transfers, local revenues, and other revenues in the following:
  - i) Securities issued by the FNFA;
  - ii) Securities issued or guaranteed by Canada or a province;
  - iii) Securities of a local, municipal, or regional government in Canada;
  - iv) Investments guaranteed by a bank, trust company or credit union; or
  - v) Deposits in a bank or trust company in Canada or non-equity or membership shares in a credit union.



## Investment Policy

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### **Administration of Investments and Financial Agreements**

28. Unless otherwise specified by Council, the Comptroller may enter into agreements with:
  - i) Financial institutions (including related services agreements), for purposes of efficient management of Cowichan Tribes' financial assets; and
  - ii) Financial institutions respecting currency exchange, spot and future currency, interest rate exchange, and future interest rates for purposes of reducing risks or maximizing benefits in relation to the borrowing, lending or investing of financial assets.
29. If Cowichan Tribes is authorized to make an investment under the FAL, the Comptroller may do all things necessary or advisable for the purpose of making, continuing, exchanging or disposing of the investment, subject to Council approval.

### **Investment Manager**

30. Subject to the prior written approval of Council, Cowichan Tribes may engage, or terminate, the services of an investment manager and custodian as required.
31. Investment manager proposals shall be analyzed using a number of criteria including: experience, qualifications, investment management style, costs, past performance, volatility of returns, and any other criteria identified by Cowichan Tribes.
32. Custodian proposals shall be analyzed based on experience, security, service and fees.
33. Cowichan Tribes shall enter into agreements with the successful investment manager and custodian that are consistent with Cowichan Tribes' investment objectives.

### **Designation, Transfers, and Redemption of Investment Funds**

34. The Comptroller shall notify the Finance and Audit Committee in writing when there are funds available for transfer to the investment account(s) and their source.
35. The Finance and Audit Committee shall consider the available funds discussed in the above section and recommend how they should be invested to Council.
36. The Comptroller shall transfer the available funds into the designated investment account(s), as approved by Council, and clarify whether the funds are restricted or unrestricted, and the term of the investment.
37. The Comptroller shall communicate and manage the redemption of investments, as approved by Council, and the transfer of the related proceeds to Cowichan Tribes.

### **Monitoring and Reporting**

38. The General Manager and Comptroller shall monitor Cowichan Tribes' investment portfolio including its performance, income earned versus target, funds managed, transactions, and fees, and report any issues to the Finance and Audit Committee.



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39. The Comptroller shall prepare and submit reports on Cowichan Tribes' investments, as required or requested by Council or the Finance and Audit Committee.
40. The Finance and Audit Committee shall, in a timely basis, review any investment reports prepared by the Comptroller, add their input or recommendations, and forward the reports to Council.

### **Records Management**

41. Cowichan Tribes shall make proper records respecting its investments, and ensure that all related records and documents are maintained in a safe and confidential manner in accordance with Cowichan Tribes' Financial Records Management Policy and Procedures, including records and documents respecting:
  - i) All investment decisions and approvals;
  - ii) Securities held by Cowichan Tribes and all related transactions;
  - iii) Risk assessments conducted on investments;
  - iv) The monitoring of investments, their related performance and management, and any associated issues;
  - v) Investment accounts established by Cowichan Tribes; and
  - vi) Reports on the performance and management of Cowichan Tribes' investments.

### **Related Cowichan Tribes' Policies**

- Risk Management Policy and Procedures;
- Financial Institution Accounts Policy and Procedures;
- Financial Records Management Policy and Procedures;